TOP SECRET

MEMORANDUM

24 June 1946

TO: Lt. Col. Amos D. Mascrip, Jr.
Commanding Officer, SSU/WD
APO 907

SUBJECT: ~~Plan of X-2~~ Operation for Shanghai Area

I. General

The following, which is being submitted as a plan of X-2 operations for the Shanghai area, is in many respects a recount of certain projects, trends, and ideas which are now in effect. Naturally, the efforts of this Branch are and have been primarily counter-espionage in character though certain overlapping into SI material has necessarily occurred in order that a better understanding of the background of foreign intelligence operations may be had. Fundamentally, it may be stated that X-2, Shanghai, plans to determine the identities, organization, activities, interests and modus operandi, of personnel connected with foreign intelligence systems.

We are earnestly concerned with their methods of communication, collecting information, manner and amounts paid to agents, as well as the type of training they have received and where it was given. Efforts must continue in the direction of determining what official, semi-official and purely business organizations are used by foreign intelligence as cover for clandestine operations. The content of foreign intelligence directives should be determined where possible. The extent of foreign intelligence in the U.S., as well as it can be determined here, is of utmost importance. Compiling background data concerning diplomatic personnel as well as their movements is regarded as an essential factor in our program.

It is intended that we concern ourselves with all individuals whose activities are subversive and inimical to the interests of the United States. Information of interest to SI and not within our jurisdiction will be passed on to SI for proper handling. It is maintained that thorough and accurate indexing and filing is an integral part of any counter espionage activity.

II. Priority of Interest

Though our counter-espionage efforts are necessarily directed at all foreign intelligence systems, some are of predominant interest to the American Government as compared to others. Therefore, our targets in order of importance are: (A) Russian, (B) Chinese (C) Other. It would be merely paper work to categorically give further breakdown to the classification "other". Thus it is seen that our work is primarily concerned with the Russians and the Chinese.

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III. Operations as related to Soviets.

In many respects our plan of operations in connection with this question cannot be successfully presented without giving background data on informants and their ability to produce due to positions held. However, it is felt that such information is not desired here and accordingly only brief statements will be made as regards the following operations and projects which are designed to supply us with the type of information outlined under Roman Numeral I.

A. Project A is to be regarded as TOP SECRET and will not be discussed in this memorandum inasmuch as you are aware of all recent developments in this connection.

B. Project B concerns itself with our efforts to manipulate a small group of Polish citizens to our advantage. Contact is maintained with four important personages of this group. The leader of the group received instructions from the London Poles to cooperate with SSU in China only on the highest levels. In addition to the usual run of intelligence information received from this group the following concrete projects are under way:

(1) They should have a good source in the Russian Consulate in the near future.
(2) Definite plans are under way to send a covert agent into Harbin.
(3) They are working on a Soviet Lieutenant who deserted the Russian Army and is in Shanghai.

Project B is young but appears to have many more possibilities.

C. Project C is related to the interception of purported Tass radio instructions from Moscow to Shanghai. We have received these on almost a daily basis for several months. We proceeded on the basis that they are either (1) Genuine (2) A Soviet plant, or (3) totally manufactured by professional informants. In the next few days we are arranging the following in an effort to determine which assumption is correct:

(a) Surveillances on source.
(b) Interviews with one individual close to source.

D. Project D is also an "intercept" project. For months we have been receiving copies of reports on Russian activities which are furnished to the Chinese by local informants. Very little startling information is contained in these reports and much of it appears to have been manufactured.

E. Project E is to be regarded as important in connection with Soviet investigations because the source behind this project has access to Chinese files maintained by the Shanghai Municipal Police relative to Soviet personalities. This source is continually used to secure data on little known Russians in Shanghai.

F. Project F relates to Ramona. It was via the source behind this project that we were able to determine which Russians were interested in Ramona and how much they were willing to pay.

G. Project G is identified with our efforts to develop and use on an extremely selective basis certain White Russians who are not in the Professional informant class but who hold positions of respect in the Russian Emigrants Committee as well as the Cossacks Union. Details as to names, etc. in this connection are available if desired. Suffice to say that informants not in the professional category are being developed.

H. Project H is of extreme importance. From the arrests of various Soviets by the Japanese on charges of Soviet espionage during the war, we learned that the Russians used several official and semi-official agencies as cover for clandestine activities. Therefore, we have made it our business to continually write reports and index material on persons connected with the following Soviet organizations.
1. Soviet Consulate, 2. Tass, 3. Moscow Narodini Bank, 4. Soviet Citizens Club, 5. Intourist, 6. Station KWH, 7. Their newspapers, 8. Reports concerning NKVD men, 9. Soviet Military Attaches and Missions (RAZVEDUPR), 10. TORGPREDSTVO and other Soviet Trade Interests, 11. Their counterpart of our Chamber of Commerce, 12. The Central Trading Agency, 13. Apparently privately owned but possibly Soviet subsidized firms such as the Union Steamship Company

I. Project I is a temporary one but is proving enlightening where the Russians are concerned - that is, the interviewing of EUGENE NOVAKS, presently in Ward Road Jail. NOVAKS worked on Russian matters for the Japanese in Shanghai during the war.

IV. Operations as Related to Chinese.

Through Chinese contacts it has been possible, to a limited degree, to secure certain information concerning Chinese intelligence. Translated into a plan of operations, it may be stated that our future efforts with regard to the Chinese is, via available informants, to extend past operations, which have already produced much satisfactory information.

The following points have been considered as targets in Chinese investigations:

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A. The activities, agents, interests, training schools, recruitment, location of Branches, and all other information pertaining to the (1) Information Bureau of the Chinese National Ministry of Defense (formerly TAI LI's BIS), (2) The Chinese Communist Intelligence System, (3) the Blue Shirts, (4) the CC Clique, (5) Kuomingtang Party Intelligence, (6) Ministry of Information Intelligence, (7) Shanghai Municipal Police, (8) San Min Chu I Youth Corp.

B. It is contemplated that we will continue to intercept scores of reports re the Russians going to the Chinese from some of their informants in Shanghai.

C. Training, dispatch, destination, names, data relating to overseas agents of the Chinese, including such forms as Tai Ch, Yeh An and other suspected cover organizations.

D. Penetration of United States establishments.

E. Foreigners employed by Chinese Intelligence.

V. Operations as to Other Intelligence Systems

Due to limited personnel as well as the fact that other systems do not rank in importance with the Russians and Chinese in Shanghai, efforts are not made to concentrate on the "other" group. However, they are not disregarded and summaries have been written concerning other nationalities. The type of information sought is again similar to that outlined under Roman Numeral I.

VI. General Projects.

Augmenting the investigations as indicated above, X-2 is engaging in certain procedures designed to aid SSU generally as well as facilitate our own investigations.

A. An extensive background file as to operational personnel is being built up as result of the S.O.P. requiring all investigative personnel to record on prescribed form information concerning agents and informants used.

B. A biographical intelligence file has been established which will be the repository of much personality information on persons who, though not subjects or suspects, may prove of future interest to the organization as a contact or otherwise.

C. X-2 maintains a clipping service of the English dailies. Via G-2 we receive translations of Russian dailies.

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D. Names of all visa applicants at the Consulate are checked through the X-2 office. Recently the names of suspected agents have been caught on such name checks.

E. It is contemplated that additional summaries concerning foreign intelligence be prepared. Another Russian summary is already in the making.

F. Because of Washington interest, one investigator has among his assignments, the movement of foreign diplomatic personnel. A file has been established in which such information is being recorded.

G. Emphasis is being placed on the necessity for investigators to establish contacts with well placed and trusted people throughout town. Contacts should be had in banks, telegraphic agencies, shipping lines, customs, hotels, airlines, and many other businesses and organizations.

H. With adequate clerical personnel arriving, additional emphasis is placed on thorough indexing and proper filing in the Chief Clerk's office.

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Chief, X-2, China

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